GOVERNMENT OF INDIA
LABOUR
LOK SABHA

UNSTARRED QUESTION NO:2262
ANSWERED ON:12.03.2001
SLOW DOWN IN MANUFACTURING SECTOR
MANJAY LAL

Will the Minister of LABOUR be pleased to state:

(a) whether there is a slow down in manufacturing sector;

(b) if so, the reasons therefor; and

(c) the details of steps being taken to remedy the situation?

Answer

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI MUNI LALL)

(a) & (b): After attaining a peak growth of 14.1% in 1995-96, manufacturing sector has shown a declining trend with the exception of 1999-2000 when a better growth rate of 7.1% was registered. Slackening of demand, competition from competing imports, infrastructure bottlenecks, poor technology, high interest rate and inherent adjustment lags in industrial restructuring are the main reasons behind this slowdown.

(c): The Government has taken steps for providing greater freedom in investment decisions keeping in view the objectives of efficiency and competitiveness, technological upgradation, maximization of capacity utilization and increased exports. Measures such as tax holidays for infrastructure sector, 100% FDI through automatic route, rationalization of excise and custom duties have also been announced in the Union Budget for 2001-2002.